



Economy

# Repeal of the control of borrowing framework

Consultation Feedback Paper

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## 1. Executive Summary

### 1.1 Headline

- 1.1.1 The Consultation confirmed support for repeal of the Control of Borrowing framework, provided that clear replacement mechanisms are in place alongside transitional guidance to support industry and avoid regulatory gaps. A phased approach was preferred due to the number of changes that need to be made.
- 1.1.2 The reforms align well with Jersey’s objective of maintaining a modern, competitive, and proportionate regulatory framework supporting market access.

### 1.2 Consultation approach

- 1.2.1 The Consultation ran from 11 July to 30 September 2025. It proposed significant reforms that would see the amendment or repeal of the Control of Borrowing (Jersey) Law 1947 (**COBL**) and the Control of Borrowing (Jersey) Order 1958 (**COBO**, together **COB Framework**).
- 1.2.2 During the Consultation period, the Government of Jersey (**Government**), with the support of Jersey Finance Limited (**JFL**), convened a series of working groups (**COB Working Group**) featuring representatives from the Jersey Financial Services Commission (**JFSC**) and industry bodies.
- 1.2.3 Government and the JFSC also convened three public drop-in sessions for other interested parties. Government proactively sought input to the Consultation from the industry bodies listed in the main Consultation Paper.
- 1.2.4 In addition to the COB Working Group and drop-in sessions, twelve (12) formal submissions were made to the Consultation from industry bodies, regulated businesses, as well as legal and professional advisers.
- 1.2.5 While this Feedback Paper is published by Government, the views of the JFSC have been provided and are reflected in the overall responses. Government and the JFSC are working together on this initiative.

### 1.3 Overall picture

- 1.3.1 Responses to the Consultation were consistent in supporting a carefully managed transition away from the COB Framework as it is today. While respondents broadly endorsed the COB Framework's repeal, they identified several matters that must be carefully considered in order to avoid uncertainty and exposure to risks that can be addressed with proper planning. These include:
- 1.3.1.1. The treatment of legacy COBO Consents and Conditions;
  - 1.3.1.2. The regulatory perimeter for Jersey Private Funds (**JPF**) and other legacy funds;
  - 1.3.1.3. The circulation of foreign prospectuses into Jersey where such activity may expose local investors to risk;
  - 1.3.1.4. The impact of removing the COB Framework on those entities that rely on exemptions which are conditioned on having a “relevant consent”: and
  - 1.3.1.5. Proportionate oversight of digital issuers.

### 1.4 Summary of emerging themes

- 1.4.1 This table sets out a summary of the views expressed by participants in the Consultation process:

Theme	Summary of views	Impact on approach
<b>Competitiveness</b>	Repeal viewed as overdue with COB processes causing delays, increased costs, and placing Jersey at a competitive disadvantage.	Proceed with repeal but ensure reforms take account of all matters set out below.

Theme	Summary of views	Impact on approach
<b>Regulatory coverage</b>	Success will depend on clear replacement mechanisms where COB cannot simply be repealed.	Mapping of explicit replacement powers to avoid a "regulatory vacuum".
<b>Legacy Conditions</b>	Concern over legacy COBO Consents with specific Conditions (ownership, director residence, etc.).	Ensure clear transitional guidance regarding how Conditions will be treated.
<b>Digital issuers</b>	Cautious support for <b>TCB Code</b> oversight, but some concern about overburdening TCBs. Some support for bespoke regime at a later stage.	JFSC and <b>DAWG</b> continue to collaborate on options and guidance. Maintain consideration of dedicated Digital Assets Law on an ongoing basis.
<b>JPFs / legacy funds</b>	Must remain within regulatory perimeter without bringing additional complexity into the regime. Divergence on approach, but clear options set out by respondents.	Through further discussion with industry, a consensus has emerged on a establishing a new law for JPFs, to ensure that the current simple regime persists.
<b>Sound Business Policy (SBP)</b>	Majority support further simplification, but caution urged by a minority of respondents seeing it as a valuable risk management tool.	Build on recent work to simplify SBP and align with the work to ensure refusal and oversight powers are clear and administratively simple.
<b>Refusal and oversight powers</b>	Broad support for embedding powers in each product law, but insistence on objectivity, transparency, and speed.	Law drafting to accommodate concerns expressed regarding clarity and need for administrative simplicity.
<b>Prospectus oversight</b>	Broad support for repeal, but strong call for new framework to address foreign issuers of prospectuses into Jersey.	Ensure there is ongoing protection of local retail investors from foreign issuers.
<b>Exemptions</b>	Care is required to ensure that exemptions relying on "relevant consent" are transitioned seamlessly.	Exemptions will persist without the "hook" to a relevant (COBO) consent – such exemptions will still need to meet other conditions set out in law to be used (e.g. investor warnings).
<b>Registrar activity</b>	Concern that activity is not a class of financial service business under the FSL exposing a post-COB gap.	Law drafting to address activity such that it is kept within the regulatory perimeter by adding as a TCB class of business; also reference to be made in the TCB Code.

## 1.5 Next steps

- 1.5.1 Government will coordinate with key stakeholders to incorporate the Consultation responses into actions, which will include:

- 1.5.1.1. Liaison with the Legislative Drafting Office (**LDO**) providing clear drafting instructions that will bring the proposed reforms into effect incorporating the substantive Consultation responses where they are not already addressed;
  - 1.5.1.2. Liaison with the JFSC, JFL and industry bodies as this process develops to ensure that respondents' views on the overall scheme are adequately addressed;
  - 1.5.1.3. Engagement with the JFSC and Digital Assets Working Group (**DAWG**) to update and finalise the position building on the DAWG's Consultation response in respect of certain digital issuers; and
  - 1.5.1.4. Coordination with the JFSC as it develops its own approach and then develops the relevant guidance regarding transitional arrangements as well as the future state.
- 1.5.2 As stated in the Consultation, Government and the JFSC are committed to working in partnership with each other and with industry to deliver these significant reforms in a way which maximises the benefits for Jersey.
- 1.5.3 Should you wish to provide further feedback on the COB Framework as the reforms are developed further, please contact [growthfs@gov.je](mailto:growthfs@gov.je).

## 2. Consultation responses in depth

### 2.1 About this section

- 2.1.1 The Consultation featured twenty-three (23) questions across thirteen (13) topics which formed the basis for the discussions of the COB Working Group as well as direct responses to the Consultation. Given the scope of the proposed reforms, this section follows the same pattern, summarising the feedback under each of the thirteen topics (A-M) as well as a summary of Government's responses.
- 2.1.2 The overarching trend among responses was positive support for the proposals. As such, this section should be read through the lens of the overall intent to proceed with the proposals and the overall support for that position. However, where responses provided helpful commentary which will strengthen the approach these are summarised and the way in which these responses will be incorporated is set out.
- 2.1.3 There are some areas where discussions in the COB Working Group have further refined the proposed approach following the feedback period. Most notably these are in respect of the JPF regime, the exemptions that rely on COBO Consent, and prospectuses. At the time of publication, a further workshop is due to take place regarding the treatment of digital assets.

#### A. Consultation Questions: Overall Scheme

### 2.2 Overall scheme

- 2.2.1 The majority of respondents expressed support for the proposals stressing the upsides to reduced administrative friction and ease of doing business.
- 2.2.2 One respondent focussed on COBO's historic role as a risk mitigant, referencing Jersey's 2024 Mutual Evaluation Report, and expressed concern that its repeal without an alternative could leave Jersey exposed to overseas threats, particularly from crypto funds and other bad actors, given the absence of financial promotions legislation.
- 2.2.3 Elsewhere in the responses, several respondents called for Government to maintain a strategy for mitigating cross border risks, particularly in relation to local investors being victimised by sham investment opportunities. These respondents made suggestions for powers to restrict foreign issuers targeting Jersey retail investors.

#### Government response

- 2.2.4 Government acknowledges the consensus in favour of repeal and agrees that modernisation of the COB Framework is necessary to remove unnecessary barriers to business. At the same time, Government recognises the importance of maintaining investor protection and ensuring that the repeal does not create gaps in the Island's regulatory perimeter. Government will:
- 2.2.4.1. Work with the JFSC and LDO to ensure that protections for local investors are embedded within the new legislative framework; and
- 2.2.4.2. Continue to align this approach with international standards (e.g. **IOSCO** and our peer jurisdictions) to ensure proportionality and competitiveness.

#### B. Consultation Questions: Legal and regulatory powers

### 2.3 Legal and regulatory powers

- 2.3.1 The majority of respondents were comfortable with the notion that Jersey's legal and regulatory framework provides Island agencies with adequate powers to take proportionate supervisory action when it is warranted.
- 2.3.2 One respondent raised concerns about how COBO Conditions relating to ownership and control of financial services businesses would be enforced post-repeal stating that such entities may not fall directly under the FSL or CIFL. The respondent did acknowledge that there are clear provisions relating to the power to object to principal persons and shareholdings within such businesses.

### Government response

- 2.3.3 Government notes the broad confidence expressed by respondents in respect of Jersey's current legislative framework and agrees that, overall, the Regulatory Laws provide adequate powers for supervisory interventions by Island Authorities. To ensure continuity and clarity following repeal:
- 2.3.3.1. For Financial Services Businesses existing COBO Conditions relating to ownership, control, or other prudential requirements will be re-expressed as licence conditions under the relevant Regulatory Laws (for example, the FSL or SBL), ensuring continuity;
  - 2.3.3.2. Transitional arrangements will provide for the automatic novation of such Conditions at the point of repeal, with clear guidance to industry ahead of implementation; and
  - 2.3.3.3. The JFSC will review its published guidance on principal person and shareholder approval powers to confirm how these will operate in the post-COB Framework environment.

## C. Consultation Questions: Local impact

### 2.4 Local impact

- 2.4.1 Respondents noted clear benefits for local businesses, including faster launches, reduced administrative costs, and a simpler regulatory path for businesses in the fintech sector. Respondents considered that these are factors that influence relocation decisions and support economic diversification.
- 2.4.2 Respondents emphasised that the proposals would ease burdens that affect smaller businesses. No significant concerns were raised, but respondents recommended a clearly communicated and sufficiently long transition period to allow industry to adapt to material policy and procedural changes.

### Government response

- 2.4.3 Government welcomes the consistent feedback on the positive local economic implications of the proposed reforms and agrees that the repeal of the COB Framework will support efficiency, innovation, and proportionality in the regulatory environment.
- 2.4.4 As highlighted within the Consultation, Government has assessed the economic impact of the repeal proposals. The analysis indicates that the one-off net cost of transition is expected to approximate to twice the annual cost of ongoing compliance under the current COB regime. However, once implementation is complete, those recurring costs will fall away, generating sustained efficiency gains for industry, noting that the precise payback period will depend on individual business models.

## D. Consultation Questions: Product laws to provide powers of refusal

### 2.5 Product Laws to provide power of refusal

- 2.5.1 Respondents were broadly supportive of the JFSC having a power to refuse entity applications, provided the power is exercised sparingly and based on clear, objective criteria. Emphasis was placed on the need to ensure that any discretionary element (e.g., refusals on public interest grounds) must be guided by a transparent, published policy framework to ensure consistency and predictability.
- 2.5.2 Timeliness was a critical factor for most respondents, with recommendations to benchmark turnaround times against competitor jurisdictions to maintain Jersey's competitiveness.
- 2.5.3 Respondents broadly agreed that powers to refuse applications on grounds such as misleading information, and public interest (including reputational risk) are appropriate, but again stressed the need for clarity and transparency. In addition to the comments about codification of decision-making parameters, several respondents recommended publishing principles-based examples and detailed guidance to ensure these powers are applied objectively and predictably, particularly for novel business models.
- 2.5.4 Some respondents expressed concerns about subjective criteria like "public interest" and "risk appetite," with calls for clear definitions and materiality thresholds to avoid uncertainty. Respondents also emphasised that refusal powers should only be exercised in serious cases, that there should be a presumption of approval, and that the application process must be clear and efficient to prevent delays. A right of appeal to the Royal Court was felt appropriate.

- 2.5.5 Regarding revocation, most respondents agreed that the JFSC should not revoke registrations without Royal Court oversight, citing the importance of independent review, though some suggested limited powers with an appeal process for urgent cases.
- 2.5.6 In this vein, concerns were raised about proposals to use just and equitable winding up as a mechanism for deregistration, with respondents arguing this should remain a last resort remedy. If the Court was to be given the power to deregister entities for breaches of threshold conditions, respondents advocated for a standalone statutory power with appropriate checks and balances.
- 2.5.7 Overall, respondents supported aligning refusal powers across all Product Laws and ensuring clarity and proportionality in the new regime.

#### **Government response**

- 2.5.8 Government welcomes the consensus that the JFSC should retain a clearly defined power to refuse applications within each **Product Law**, recognising this as a necessary safeguard for market integrity and investor protection. Government also acknowledges the feedback regarding transparency, consistency, and timeliness in decision-making. It is intended to:
- 2.5.8.1. Embed refusal powers within each relevant Product Law ensuring that grounds for refusal are limited to objective criteria such as illegality, misleading or incomplete information, and the protection of Jersey's reputation and public interest, and a right of appeal to the Royal Court;
  - 2.5.8.2. Require that the JFSC publish and maintain the equivalent of a "Refusal and Oversight Policy Statement", setting out how discretionary factors will be applied for refusal powers, including materiality thresholds and examples of refusal circumstances;
  - 2.5.8.3. Align refusal powers across Product Laws through consistent drafting to promote clarity and predictability for applicants; and
  - 2.5.8.4. Retain judicial oversight by ensuring that any revocation or deregistration action continues to require Royal Court approval, potentially subject to narrowly drawn powers for use by the JFSC in urgent situations, with an associated right of appeal.
- 2.5.9 This approach will preserve regulatory safeguards while ensuring that application processes remain efficient, objective, and proportionate.

### **E. Consultation Questions: SBPP**

#### **2.6 Sound Business Policy**

- 2.6.1 It should be acknowledged that during the Consultation Period, the Sound Business Practice Policy (SBPP) was subject to direct consultation and subsequent amendment. A significantly leaner document, renamed the Sound Business Policy (SBP), has now been published as a more modern and concise document aligned with Jersey's overarching regulatory approach.
- 2.6.2 In responding to Consultation and taking the prevailing SBPP as their base, respondents supported a more-streamlined approach, noting it is more conducive to innovation, future-proofed, and consistent with the maturity of Jersey's financial services industry.
- 2.6.3 However, respondents emphasised the need for clear detailed guidance to ensure predictability and avoid ambiguity.
- 2.6.4 Some respondents highlighted the value of the SBP as a risk management tool within businesses albeit with a general view that its prevailing wording created confusion. Views on SBP's future were mixed:
- 2.6.4.1. Some respondents advocated retaining it for clarity and compliance purposes;
  - 2.6.4.2. Some respondents suggested merging it with the Registry Processing Statement; and
  - 2.6.4.3. Other respondents suggested removing it entirely to streamline processes.
- 2.6.5 Across all responses, clarity, efficiency, and timely approvals were seen as critical to maintaining Jersey's competitiveness.

### Government Response

- 2.6.6 Government acknowledges the industry support for a clear and concise SBP and intends that the now updated SBP (which went live on 1 November 2025) should strike the right balance between flexibility and certainty. The publication of the SBP was accompanied with a feedback summary (including guidance as to the rationale for changes) and a Guidance Note on the implementation of the necessary updates to the JFSC's systems and processes.
- 2.6.7 Government will work with the JFSC to:
- 2.6.7.1. Support implementation of the SBP by hosting drop-in sessions (scheduled for November 2025); and
  - 2.6.7.2. Review as required the implementation of the new SBP to confirm that it delivers greater efficiency and predictability for applicants without increasing compliance burdens.
- 2.6.8 This approach will preserve the SBP's role as a proportionate gatekeeping tool while supporting Jersey's broader competitiveness objectives.

## F. Consultation Questions: JPF and legacy funds

### 2.7 JPF and legacy funds

- 2.7.1 Respondents agreed that JPFs and legacy funds should remain within the regulatory perimeter following the repeal of the COB Framework, given their importance to Jersey's funds industry; this includes the important AML requirements that are in place. While JPFs operate under a less onerous supervisory regime than funds registered under CIFL, most respondents stressed that a simple notification to the JFSC would be insufficient and that some form of regulatory approval or "badge" should be retained.
- 2.7.2 Several options were discussed, including:
- 2.7.2.1. Amending CIFL to incorporate JPFs;
  - 2.7.2.2. Creating a new standalone private funds law, or
  - 2.7.2.3. Establishing a public register of private funds as in use elsewhere.
- 2.7.3 Respondents stressed the need for clear transitional provisions to address existing COBO Consents and Conditions, and for consistency between any new framework and the recently established Collective Investment Funds (Jersey Private Funds) Order 2025 (**JPF Order**). A standalone JPF law was preferred by some respondents as a way to maintain simplicity and avoid "regulatory creep", while ensuring robust oversight through regulated Designated Service Providers (**DSP**).
- 2.7.4 Respondents wanted to ensure that all developments regarding the JPF regime were proportionate and necessary – specifically not introducing additional obligations for existing service providers or complicating the JPF regime. If a new class of financial service business (Private Fund Services Business (PFSB)) under the FSL is introduced, respondents considered that to avoid complexity it should mirror the existing terminology (DSP) and be clearly linked to the JPF Guide with minimal amendments to Codes of Practice.
- 2.7.5 Key considerations included:
- 2.7.5.1. Ensuring clarity on whether this replaces the current DSP concept;
  - 2.7.5.2. Addressing AML responsibilities to avoid overlap with **AMLSP** requirements; and
  - 2.7.5.3. Avoiding mixing Product Laws with service provider regulation.
- 2.7.6 Several respondents highlighted that any new framework should maintain simplicity, minimise regulatory burden, and prevent unintended increases in compliance costs.
- 2.7.7 The JFA provided a detailed options paper as part of its response to the Consultation, the components of which are summarised above and reflected in other responses.

### Government response

- 2.7.8 Government has worked with industry, the JFSC and the COB Working Group to develop a final position which will ensure JPF remain a highly relevant and competitive product while addressing the need for an appropriate form of formal recognition by the JFSC. Government will:

- 2.7.8.1. Work with the JFSC and the LDO to develop new provisions that mirror the existing JPF regime, maintaining simplicity;
- 2.7.8.2. Ensure that transitional provisions are enacted to migrate existing COBO Consents and Conditions seamlessly into the new framework, avoiding disruption to established structures;
- 2.7.8.3. Consider the creation of a clearly defined activity class under the FSL to formalise oversight of DSP without altering the risk profile or introducing unnecessary complexity;
- 2.7.8.4. Confirm that DSP obligations will continue to anchor regulatory oversight, including providing clarity on AMLSP responsibilities; and
- 2.7.8.5. Coordinate with the JFSC and industry to publish detailed implementation guidance ensuring firms have sufficient lead time to transition.

## G. Consultation Questions: Certain digital products

### **2.8 Certain digital products**

- 2.8.1 Respondents agreed that a mechanism for oversight of digital issuers is necessary following the repeal of the COB Framework, given the current role of COBO as a gatekeeping tool that provides regulatory comfort and market confidence; this includes the important AML requirements that are in place. Without a replacement, respondents generally agreed that Jersey risks creating a regulatory gap in a higher-risk area which might expose the Island to reputational risk.
  - 2.8.2 While respondents supported introducing a clear and effective framework, they noted the Consultation lacked detail on whether this would involve a full application process or a lighter notification-based approach similar to JPFs. Several respondents emphasised that any new regime should balance proportionate oversight with efficiency to remain competitive and avoid deterring digital issuers. Respondents also recommended publishing a detailed outline of the proposed approach and aligning it with international best practices to maintain Jersey's credibility.
  - 2.8.3 Respondents generally supported using the TCB Code to formalise oversight of digital issuers, viewing it as a practical and flexible solution that leverages existing regulatory infrastructure. There was some concern about imposing disproportionate responsibilities on TCBs, particularly if this were to deter participation in the digital asset space.
  - 2.8.4 As such, respondents stressed that any new obligations should be clearly defined, so as to only apply to TCBs involved in digital assets and accompanied by guidance to ensure clarity and proportionality.
  - 2.8.5 There was opposition to creating a separate FSL licence for digital issuers or introducing a regulatory sandbox, with respondents citing complexity, cost, and potential negative impact on Jersey's competitiveness. Overall, amending the TCB Code was seen as the most workable approach, provided the concerns set out above are carefully dealt with.
  - 2.8.6 Most respondents agreed that introducing a comprehensive statutory regime for digital issuers would be premature, citing the fast-evolving nature of the digital asset sector and the risk of stifling innovation. They did, however, support a flexible, risk-based approach in the short term, combined with ongoing monitoring of international developments and industry consultation.
  - 2.8.7 A minority of respondents did, however, argue that delaying formal regulation could leave consumers exposed and suggested introducing targeted measures such as additional guidance for Non-Fungible Token issuers and requiring administration by regulated TCBs.
  - 2.8.8 The prevailing view was that any future statutory regime should only be considered once global standards and market practices are more settled, to avoid locking Jersey into an outdated or overly rigid framework.
- Government response**
- 2.8.9 Government acknowledges the consensus that digital-asset activity requires proportionate oversight to protect Jersey's reputation while enabling innovation. Government agrees that, at this stage, the most appropriate mechanism is to utilise existing regulatory tools rather than establish a standalone statutory regime. Government will:

- 2.8.9.1. Work with the JFSC, industry bodies and the DAWG to confirm the approach to be taken, and, if agreed, finalise amendments to the TCB Code that introduce clear, risk-based expectations for TCBs providing services to digital-asset structures;
- 2.8.9.2. Ensure that such amendments apply only to TCBs actively engaged in digital-asset or token-issuance business, avoiding unnecessary burden on unrelated firms;
- 2.8.9.3. Support the JFSC in developing guidance and illustrative examples to clarify how these requirements apply in practice, including expectations for due-diligence, disclosure, and risk assessment;
- 2.8.9.4. Continue to monitor international regulatory developments to ensure Jersey remains aligned with emerging international standards; and
- 2.8.9.5. Keep under review the potential need for a dedicated Digital Assets Law once global norms are more settled, ensuring that any future framework remains flexible and innovation-friendly.

## H. Consultation Questions: Prospectuses

### 2.9 Prospectuses

- 2.9.1 Respondents generally supported repealing the COB Framework in respect of prospectus oversight, agreeing that the current regime is outdated and creates unnecessary friction, particularly for transactions involving financially sophisticated investors and capital markets. However, they emphasised the need for clarity on the replacement mechanism for foreign issuer prospectuses targeting Jersey retail investors, including whether this will fall under CIFL or another Product Law, and how safe harbours under the CJL will align with the new approach.
- 2.9.2 Several respondents highlighted that COBO currently applies only to foreign issuer prospectuses circulated in Jersey and noted that most structures already avoid Article 8 COBO through selling restrictions. Transitional provisions and clear guidance were requested to ensure consistency and avoid uncertainty during implementation.
- 2.9.3 Respondents highlighted potential risks if the COB Framework's prospectus provisions are repealed without a replacement. The main concern is that foreign issuer prospectuses circulated in Jersey would fall outside any regulatory oversight, leaving local retail investors unprotected and creating a gap compared to regimes in other jurisdictions such as the UK and US.
- 2.9.4 Some respondents suggested introducing a filing or consent requirement for foreign prospectuses or reforming the broader prospectus regime so that all prospectuses circulated in Jersey (regardless of issuer domicile) are subject to oversight under the FSL. Others noted that while gatekeeping powers and safe harbours mitigate some risks, clarity is sought on enforcement against non-Jersey issuers with no local presence. Transitional provisions and alignment with existing laws (CJL, CGPO) were also recommended to avoid unintended consequences.

#### Government response

- 2.9.5 Government welcomes the support for modernising Jersey's prospectus-oversight regime and agrees that the COB Framework provisions can be repealed, provided that appropriate replacement measures are enacted to protect local retail investors and preserve market confidence. Government will:
  - 2.9.5.1. Develop a replacement framework governing the circulation of foreign prospectuses to retail investors in Jersey, drawing on models in comparator jurisdictions and ensuring coherence with the CJL, CIFL, and FSL;
  - 2.9.5.2. Introduce a proportionate notification/approval regime for prospectuses issued by non-Jersey entities and made available to the Jersey public, thereby preserving investor-protection safeguards without re-introducing unnecessary friction;
  - 2.9.5.3. Work with the JFSC to publish detailed guidance clarifying how the new regime interacts with existing exemptions and safe harbours (e.g. professional-investor and private-placement exemptions);

- 2.9.5.4. Ensure that all transitional provisions are clearly set out so that current COBO Consents and approvals for prospectus-related activities remain valid as appropriate; and
- 2.9.5.5. Continue to align Jersey's disclosure standards with international best practice, maintaining comparability with the UK and EU prospectus regimes while respecting Jersey's principles-based regulatory approach.

## I. Consultation Questions: Unit trusts

### 2.10 Unit Trusts

- 2.10.1 Respondents generally supported withdrawing the requirement for COBO Consent for unit trusts, noting that the current process adds little regulatory value and creates unnecessary administrative burden. Relevant trustees are already registered under the FSL or SBL, and TCSPs must comply with AML and risk management obligations, which provide sufficient oversight.
- 2.10.2 However, concerns were raised about potential gaps if unit trusts are not registered under another regulatory requirement, particularly regarding the JFSC's powers to request termination of a unit trust. Respondents emphasised the need for clear guidance on the application or registration process for new unit trusts, confirmation of how oversight will be maintained post-repeal, and clarity on whether the JFSC will retain any powers to revoke or terminate unit trusts under the new regime.

#### Government response

- 2.10.3 Government welcomes the consensus in favour of removing the COBO Consent requirement for unit trusts and agrees that this reform will simplify administration while preserving effective regulatory oversight.
- 2.10.4 Government considers that where a unit trust is registered under CIFL, operates as a JPF, or has a trustee registered under the SBL, adequate protections and supervisory powers are already in place. It is therefore not intended to amend the Trusts Law.
- 2.10.5 It is intended that to support the transition the JFSC will:
  - 2.10.5.1. Issue updated guidance confirming the registration and notification process for new unit-trust structures post-repeal;
  - 2.10.5.2. Clarify the continued application of the TCB Code, AML/CFT/CPF Handbook, and JPF Guide where relevant; and
  - 2.10.5.3. Provide appropriate transitional arrangements so that existing COBO Consents remain valid until superseded by the new framework.

## J. Consultation Questions: Other COBO Consents to be repealed

### 2.11 Other COBO Consents to be repealed

- 2.11.1 Respondents generally supported withdrawing the requirement for COBO Consent for securities issues, including Non-Domiciled Securities (NDS).
- 2.11.2 However, concerns were raised about potential gaps, particularly the risk that registrar services for NDS could be undertaken by unregulated entities if not addressed. Specifically, that as the activity of being a registrar (with the exception of a registrar to a fund) is not a class of financial service business under the FSL.
- 2.11.3 Respondents emphasised the need to ensure that existing protections embedded in the COBO Consent regime are not lost and recommended reviewing the impact on relevant Codes of Practice, especially those relating to Fund Services Business, to maintain consistency and investor protection.

#### Government response

- 2.11.4 Government welcomes the support for rationalising the remaining COBO Consent requirements and agrees that modern statutory powers under the Product and Regulatory Laws effectively render these Consents redundant. Repeal will streamline processes for securities issuance and remove duplicative oversight while preserving appropriate regulatory safeguards.

- 2.11.5 To address the specific point raised regarding registrar activity, Government will:
- 2.11.5.1. Work with the JFSC and LDO to consider whether registrar services for non-fund securities should be expressly recognised within the FSL or an associated Order, ensuring the activity remains within the regulatory perimeter;
  - 2.11.5.2. Support the JFSC in its review of the relevant Codes of Practice to confirm that entities performing registrar or agency roles for securities remain subject to appropriate conduct and AML/CFT/CPF obligations; and
  - 2.11.5.3. Publish transitional guidance confirming that existing COBO Consents for NDS and other securities issues will remain valid until the new framework takes effect.

## K. Consultation Questions: COB Framework interactions

### 2.12 COB Framework interactions

- 2.12.1 Respondents noted two key interactions requiring further consideration.
- 2.12.1.1. The impact on the JFSC's *Licensing Policy in respect of activities requiring registration under the FSL*, particularly section 11, should be assessed to ensure consistency with the proposed changes.
  - 2.12.1.2. Respondents highlighted potential consequential amendments to the FSL to address the circulation of foreign prospectuses in Jersey.

#### Government response

- 2.12.2 Government welcomes the attention given by respondents to wider legislative interactions and agrees that a coordinated approach is required to ensure the repeal of the COB Framework operates smoothly across Jersey's legal landscape.
- 2.12.3 Government notes that review and amendment of the JFSC's policy approach to licensing properly falls within the JFSC's remit and that there are many other documents that the JFSC will be responsible for reviewing and determining the appropriate course for amendments in respect of during the transitional period.
- 2.12.4 Government gratefully acknowledges that the points raised regarding consequential amendments to the CJL and related legislation will be required if additional amendments are made to other laws and all such matters will be addressed in the course of law drafting, ensuring consistency with the new prospectus framework described earlier in this paper.
- 2.12.5 In addition, Government confirms that the reference to the COB Framework introduced by the JPF Order during the Consultation period will be reviewed and, as necessary, amended to ensure alignment with the final legislative reforms.

## L. Consultation Questions: Repeal of the COB Framework

### 2.13 Repeal of the COB Framework

- 2.13.1 Respondents generally reiterated the broad support expressed throughout the Consultation for repealing the COB Framework in its entirety. Most saw the repeal as a long overdue modernisation that would remove unnecessary administrative steps and clarify the boundaries between Product Laws and Regulatory Laws.
- 2.13.2 As for the responses above within Sections H and K, some respondents noted that should the policy proposals be expanded to include broader reforms, such as new powers to restrict financial promotions by foreign issuers, these matters would require further careful consideration.

#### Government response

- 2.13.3 Government welcomes the clear consensus supporting repeal of the COB Framework and agrees that its removal will significantly simplify Jersey's regulatory architecture while maintaining appropriate safeguards through the Product and Regulatory Laws.
- 2.13.4 The specific interactions and consequential amendments raised by respondents have been addressed in Sections H and K.

- 2.13.5 Implementation will focus on:
- 2.13.5.1. Enacting replacement and consequential provisions within the Relevant Product and Regulatory Laws to preserve continuity of oversight;
  - 2.13.5.2. Providing transitional arrangements and clear guidance for existing COBO Consents and their associated Conditions; and
  - 2.13.5.3. Coordinating with the JFSC and LDO to ensure that all cross-references and associated instruments are updated in parallel.
- 2.13.6 Government confirms its intention to bring forward the necessary legislative package for repeal following completion of drafting and stakeholder verification, with commencement dates to be set once transitional guidance is finalised; a phased implementation is envisaged.

## M. Consultation Questions: Locus of refusal powers

### 2.14 Locus of refusal powers in product laws

- 2.14.1 No respondents provided specific comments on the proposed locus of refusal powers. However, the issue was addressed indirectly through feedback on Section D, where respondents expressed broad support for embedding refusal and oversight powers within each relevant Product Law rather than relying on a single cross-cutting instrument.
- 2.14.2 Across the Consultation more generally, respondents endorsed the principle that any discretionary powers (particularly those involving a “public interest” test) should be exercised in a manner that is objective, proportionate, and transparent, supported by published guidance and examples to ensure consistency.

#### Government response

- 2.14.3 Based on the prevailing feedback, Government intends to:
- 2.14.3.1. Locate refusal and oversight powers within the individual Product Laws, ensuring that the legal authority for decision-making sits clearly within the relevant registration process;
  - 2.14.3.2. Maintain a consistent framework of objective grounds for refusal, including illegality, misleading information, and matters of public interest or reputational risk; and
  - 2.14.3.3. Require that any exercise of discretion be guided by JFSC published statements setting out how proportionality and public interest considerations will be applied in practice.

### **3. Conclusion**

- 3.1.1 The Consultation confirmed support for the repeal of the COB Framework, with respondents recognising that the COB regime has served its purpose but now represents an unnecessary administrative layer in Jersey's mature regulatory environment.
- 3.1.2 The Consultation facilitated constructive and detailed feedback that will ensure the repeal is implemented in a measured and coherent way. The consistent themes across all submissions were clarity, proportionality, and the need for smooth transitional arrangements.
- 3.1.3 Government, the JFSC, JFL and members of the COB Working Group will continue their joint work to address these points through legislative drafting and supporting guidance.
- 3.1.4 The reforms will:
  - 3.1.4.1 Eliminate duplication between Product and Regulatory Laws;
  - 3.1.4.2 Modernise Jersey's entity formation and registration processes;
  - 3.1.4.3 Strengthen local retail investor protection by embedding targeted powers in relevant laws; and
  - 3.1.4.4 Enhance Jersey's reputation as a well-regulated, efficient, and innovation friendly international finance centre.
- 3.1.5 Government extends its thanks to all contributors to the Consultation and confirms its commitment to continued engagement with industry as it develops the final package of reforms.

## 4. Glossary (containing links to laws and other documents)

### 4.1 About

4.1.1 Please note that this glossary contains terms defined in the main Consultation Paper as well as those defined in this Feedback Paper.

Term	Meaning
AIF Amendment Regulations	<a href="#">Financial Services (Amendment of Law) (No. 4) (Jersey) Regulations 2012</a>
AIFR	<a href="#">Alternative Investment Funds (Jersey) Regulations 2012</a>
AIFSB	<a href="#">Alternative Investment Fund Services Business</a>
AML/CFT/CPF	Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing
AMLSP	Anti-Money Laundering Service Provider
ARIES	<a href="#">Association of Restructuring and Insolvency Experts</a>
BBL	<a href="#">Banking Business (Jersey) Law 1991</a>
CGPO	<a href="#">Companies (General Provisions) (Jersey) Order 2002</a>
Chamber	<a href="#">Jersey Chamber of Commerce</a>
CFPO	<a href="#">Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012</a>
CIFL	<a href="#">Collective Investment Funds (Jersey) Law 1988</a>
CIFRSO	<a href="#">Collective Investment Funds (Restriction of Scope) (Jersey) Order 2000</a>
CIFUFO	<a href="#">Collective Investment Funds (Unregulated Funds) (Jersey) Order 2008</a>
CJL	<a href="#">Companies (Jersey) Law 1991</a>
COB Framework	COBL and COBO
COBL	<a href="#">Control of Borrowing (Jersey) Law 1947</a>
COBO	<a href="#">Control of Borrowing (Jersey) Order 1958</a>
COBO Conditions	Conditions attached to a COBO Consent requiring certain things to be done by the entity holding the COBO Consent
COBO Consent	A consent under COBO issued by the JFSC
COBO only fund	A fund established prior to the introduction of the JPF regime holding COBO Consent
COB Working Group	Working Group established to consider proposals within this Consultation and ongoing COB Framework developments in depth with members from Government, Island Agencies, and Industry representative bodies
CONJO	Guidance note on the <a href="#">Circulation of offers in Jersey of non-Jersey securities</a>
DAWG	Digital Assets Working Group
Digital Issuers	Entities carrying on activities involving the issue of ICTO/TRWA
DNFBP	Designated Non-Financial Business or Profession
DSP	Designated Service Provider
EULIL	<a href="#">European Union Legislation (Implementation) (Jersey) Law 2014</a>
FAQ	Frequently Asked Question
FCA	<a href="#">Financial Conduct Authority</a>
FDL	<a href="#">Foundations (Jersey) Law 2009</a>
FI	Financial Institution
FISBO	Financial Services (Financial Services Business) (Jersey) Order 2009
FRPS	Financial and Related Professional Services

FSB	Fund Services Business
FSCL	<a href="#">Financial Services Commission (Jersey) Law 1998</a>
FSDPL	<a href="#">Financial Services (Disclosure and Provision of Information) (Jersey) Law 2020</a>
FSG	Fiscal Strategy Group
FSL	<a href="#">Financial Services (Jersey) Law 1998</a>
FWUR	<a href="#">Foundations (Winding up) (Jersey) Regulations 2009</a>
GFSC	<a href="#">Guernsey Financial services Commission</a>
GNSI	<a href="#">Guidance Note on Securities Issues by Jersey Companies</a>
Government	Government of Jersey
ICOJ	Government's 2017 statement on <a href="#">Initial Coin Offerings in Jersey</a>
ICTO	Initial Coin and Token Offerings
ICTO Guidance	<a href="#">Application process for issuers of initial coin and token offerings (IC/TOs)</a>
ILPL	<a href="#">Incorporated Limited Partnerships (Jersey) Law 2011</a>
ILPR	<a href="#">Incorporated Limited Partnerships (Jersey) Regulations 2011</a>
Insurance Law	<a href="#">Insurance Business (Jersey) Law 1996</a>
IOD	<a href="#">Institute of Directors, Jersey Branch</a>
IOSCO	International Organisation for Securities Commissions
JAEA	<a href="#">Jersey Estate Agents Association</a>
JATCO	<a href="#">Jersey Association of Trust Company Officers</a>
JBA	<a href="#">Jersey Bankers Association</a>
JCOA	<a href="#">Jersey Compliance Officers Association</a>
JFA	<a href="#">Jersey Funds Association</a>
JFL	<a href="#">Jersey Finance Limited</a>
JFSC	Jersey Financial Services Commission
JPA	<a href="#">Jersey Pensions Association</a>
JPF	Jersey Private Fund
JPF Guide	<a href="#">Jersey Private Funds Guide</a>
JPF Order	<a href="#">Collective Investment Funds (Jersey Private Funds) Order 2025</a>
JPF Working Group	Working Group established to make ongoing enhancements to JPF with members from Government, JFSC and industry bodies including the JFA, JFL, and JATCO
JSCCA	<a href="#">Jersey Society of Chartered and Certified Accountants</a>
Law Society	<a href="#">Law Society of Jersey</a>
Legacy fund	<b>VPF, PPF</b> , or COBO only fund
LLCGPR	<a href="#">Limited Liability Companies (General Provisions) (Jersey) Regulations 2022</a>
LLCL	<a href="#">Limited Liability Companies (Jersey) Law 2018</a>
LLCWUR	<a href="#">Limited Liability Companies (Winding Up and Dissolution) (Jersey) Regulations 2022</a>
LLP	Limited Liability Partnership
LLPL	<a href="#">Limited Liability Partnerships (Jersey) Law 2017</a>
LPCR	<a href="#">Limited Partnerships (Continuance) (Jersey) Regulations 2023</a>
LPL	<a href="#">Limited Partnerships (Jersey) Law 1994</a>
NDS	Non-Domiciled Structures
NPTO	<a href="#">Proceeds of Crime (Duties of Non-Professional Trustees) (Jersey) Order 2016</a>

PFSB	Private Fund Services Business
POCL	<a href="#">Proceeds of Crime (Jersey) Law 1999</a>
PPCEL	<a href="#">Police Procedures and Criminal Evidence (Jersey) Law 2003</a>
PPF	Private placement fund
Product Laws	In the context of this report the CJL, ILPL, LLCL, LLPL, LPL, LPCR, SLPL, and Trusts Law
Regulatory Laws	In the context of this report the AIFR, BBL, CIFL, FSDPL, FSL, Insurance Law, and SBL
Regulatory sandbox	A formal mechanism that enables a regulator to provide specific consent to conduct activities that might be regulated in a flexible way – generally used for novel activities
RIBO	<a href="#">Financial Services (Investment Business (Restricted Investment Business – Exemption)) (Jersey) Order 2001</a>
RPS	<a href="#">Registry Processing Statement</a>
SBL	<a href="#">Proceeds of Crime (Supervisory Bodies) (Jersey) Law 2008</a>
SBP	Sound Business Policy (see SBPP)
SBPP	<a href="#">Sound Business Practice Policy</a> (note the SBPP will be renamed the Sound Business Policy)
SIL	<a href="#">Security Interests (Jersey) Law 2012</a>
SIRMPO	<a href="#">Security Interests (Registration and Miscellaneous Provisions) (Jersey) Order 2013</a>
SLPL	<a href="#">Separate Limited Partnerships (Jersey) Law 2011</a>
SPIBO	<a href="#">Financial Services (Investment Business (Special Purpose Investment Business – Exemption)) (Jersey) Order 2001</a>
STEP	<a href="#">Society of Trust and Estate Practitioners</a>
TCB	Trust Company Business
TCB Code	<a href="#">Code of Practice for Trust Company Business</a>
Threshold conditions	Conditions that must be adhered to in order for a registration to be granted and implicitly adhered to on an ongoing basis by a registered entity
Trusts Law	<a href="#">Trusts (Jersey) Law 1984</a> – strictly in relation to unit trusts
TRWA Guidance	<a href="#">Tokenisation of real world assets (RWAs)</a>
UFPO	<a href="#">Collective Investment Funds (Unclassified Funds) (Prospectuses) (Jersey) Order 1995</a>
VASP	Virtual Asset Service Provider
VPF	Very Private Fund